

Section 3

*Economic Opportunities
for Low-Income Persons*

August 31, 2009

Tampa, FL

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Economic Opportunity Division
Office of Fair Housing and Equal Opportunity
US Department of Housing and Urban Development

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Section 3

- Background
- Purpose
- Applicability
- Definitions
- Recipient Responsibilities
- Enforcement
- Initiatives/Strategies

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Simply Stated...

- HUD funds are one of the largest sources of federal investment in distressed communities
- These funds typically result in new employment, training and contracting opportunities
- Section 3 is designed to direct those opportunities to local residents

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Purpose of Section 3

To ensure that economic opportunities generated from HUD funded projects will be directed to low and very low-income persons - particularly those receiving assistance for housing

§ 135.1

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Triggering the Regulation

Section 3 regulations do not require hiring or subcontracting unless it is necessary to complete the project.

Section 3 is not an entitlement, it is an opportunity

Section 3 is triggered when covered projects require "new" hires or subcontracting.

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Applicability

- Public and Indian Housing
 - Development
 - Operation
 - Modernization
- Housing and Community Development
 - Housing rehabilitation
 - Housing construction
 - Other public construction

§ 135.1

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Applicability to Economic Stimulus Funds

- PIH Public Housing Capital Funds
- Neighborhood Stabilization Program
- Community Development Block Grants
- Native American Housing Block Grants
- Assisted Housing Energy & Green Retrofits
- Lead Hazard Control (LHC Grants Only)

Total: \$7.8 Billion
(57% of HUD's Stimulus Funds)

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Applicability to Entire Project

- Section 3 requirements apply to the entire project or activity, regardless of whether it is fully or partially funded by HUD.
- Section 3 requirements also apply to Indian Housing Authorities.

§ 135.3(b)

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Covered Programs

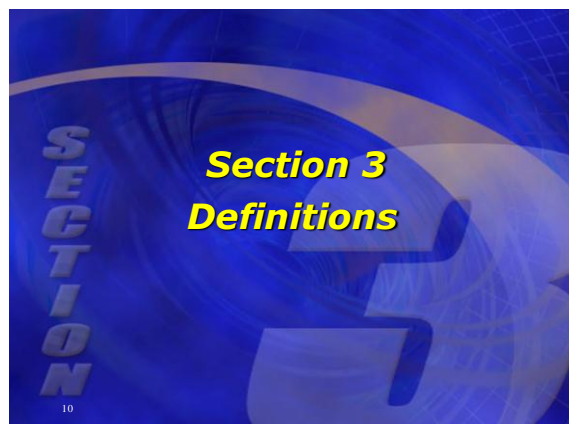
Each program area within HUD has a responsibility to ensure that recipients of HUD funds comply with Section 3.

Examples of covered funding:

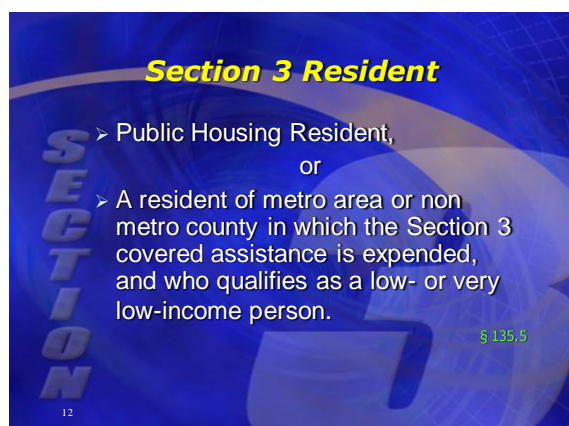
- HOPE VI, Capital Fund
- CDBG, HOME, ESG
- Lead Based Paint Abatement
- Section 202 / 811

§ 135.3

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SECTION

[illegible]

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SECTION

- **51% or more owned by Section 3 Residents, or**
- **30% of employed staff are Section 3 Residents; or**
- **25% of subcontracts committed to Section 3 Businesses**

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SECTION

**IDENTIFICATION FOR BUSINESS CONCERNS REGARDING REGIONAL
PREFERENCE IN CONTRACTING AND DEMONSTRATION OF CAPABILITY**

State of Illinois

Address of Business _____

City of Business Chicago Illinois
Post Office Chicago Illinois
Telephone 312 467-1111
Teletype 312 467-1111
Fax 312 467-1111
Firm Name THE HARRIS CORPORATION a Illinois of Illinois

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Race and Gender Neutrality

- A minority business enterprise or women-owned business shall be required to present Section 3 certification to receive preference.
- Section 3 of the HUD act is **race-neutral**.
- The preference provided by this federal act is based on income and location.

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Numerical Goals

Employment:

30 percent of new hires annually

Contracts:

10 percent of the total \$ amount of all Section 3 covered contracts for building trades work

3 percent of the total \$ amount of non-construction contracts (PHAs only)

§ 135.30(b-c)

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Eligibility for employment and contracting

Section 3 of the HUD act is **race and gender-neutral**.

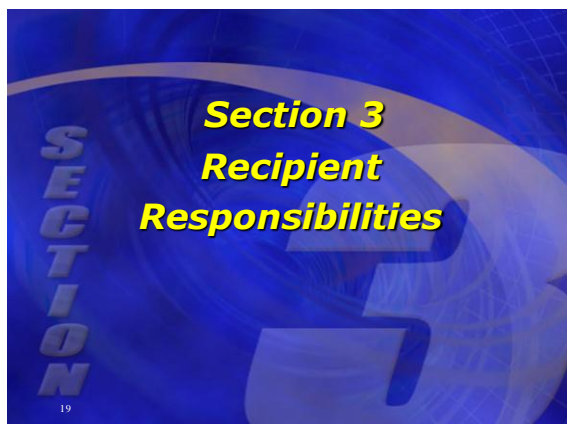
A Section 3 resident must meet the qualifications of the position to be filled.

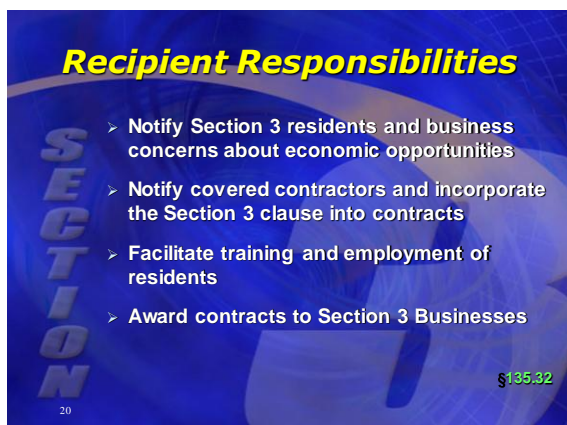
§135.34(c)

A Section 3 business concern must have the ability and capacity to perform.

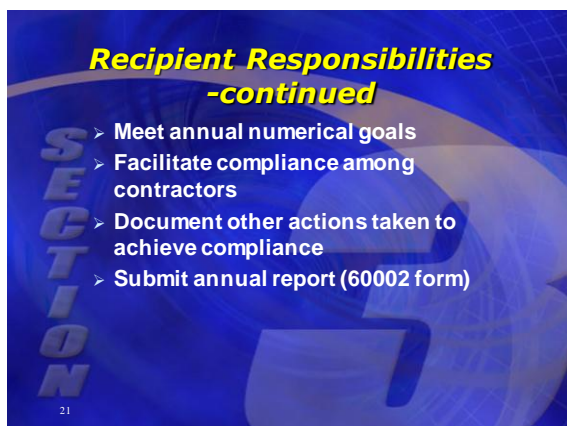
§135.34(a)(2)

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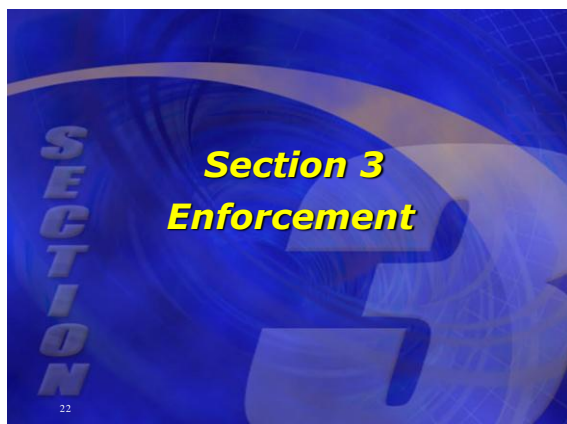


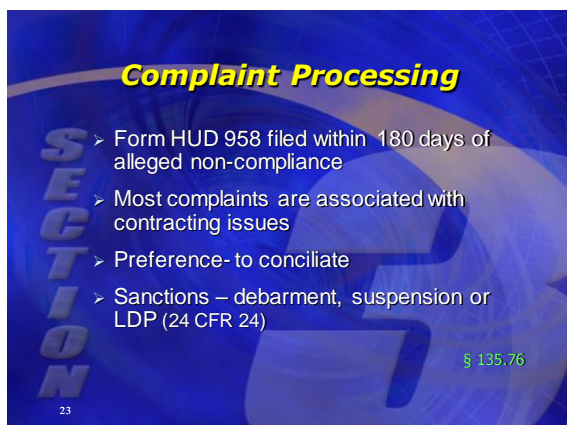
- Notify Section 3 residents and business concerns about economic opportunities
- Notify covered contractors and incorporate the Section 3 clause into contracts
- Facilitate training and employment of residents
- Award contracts to Section 3 Businesses

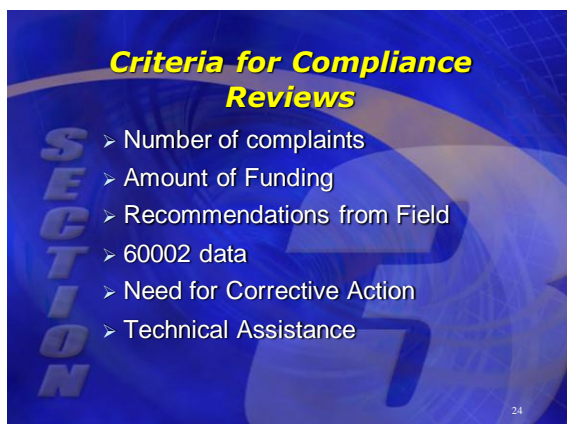


Recipient Responsibilities -continued

- Meet annual numerical goals
- Facilitate compliance among contractors
- Document other actions taken to achieve compliance
- Submit annual report (60002 form)







Annual Summary Report of Section 3 Activity

All recipients of Section 3 covered funds must submit Form HUD 60002 annually.

Reporting cycle – Simultaneously with funding annual report, at project completion or January 10th, annually.

Should be submitted to HUD HQ, preferably on-line, by direct recipients only, not contractors or sub-recipients.

§ 135.90

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Form HUD 60002 Section 3 Summary Report

Section 3 Summary Report
 HUD Department of Housing and Urban Development
 Office of the Assistant Secretary for Public and Economic Development and Equal Opportunity
 HUD Field Office:
 (Select HUD Field Office)

1. Recipient Name:
2. Recipient Address:
 City:
 State:
 Zip (or Postal Code):

3. Total Amount of Award: \$
 Amount of All Contracts Awarded: \$
 Field-Only: \$

4. Contact Person:
 Title:
 E-Mail:

5. Reporting Period:
 (Select Quarter) (Select Fiscal Year)

6. Program Code Name:
 (Select Program)

7. Date Report Submitted:
 (MM/DD/YYYY)

* Mandatory field

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Current Initiatives

- HUD Form 60002 included in A-133 Compliance Audit checklist
- Complaint processing returned to Regional Field Offices
- Revisions to HUD Form 60002
- Development of a national Section 3 business database

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Strategies for Implementation

- Network/Collaborate with local agencies
- Participate in Regional Consortium
- Use elements of Sample Plan
- Designate a Section 3 Coordinator
- Adopt and execute Section 3 Plan

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Questions & Answers

Economic Opportunity Division
Phone: 202.708.3633
Fax 202.708.0413

section3@hud.gov

www.hud.gov/section3/

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